

# Customer Dissatisfaction

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South Carolina Budget and Control Board  
Division of Procurement Services

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## Introduction

One part of the Certified Public Manager program includes a candidate project, the objective of which is an initiative identified by the Certified Public Manager candidate to improve services, processes or products within the candidate's agency. The initiative I have chosen should improve services within the Division of Procurement Services of the South Carolina Budget and Control Board.

The Division of Procurement Services, herein after referred to as MMO, does not have a formalized customer complaint management system. Malcolm Baldrige National Quality Award criterion 3.0, Customer and Market Focus, challenges the organization to identify customer requirements and manage relationships to keep customers satisfied. Customer complaints are a valuable source of information that organizations can use to assist in accomplishing this criterion.

To understand why knowing about customer dissatisfaction is important to an organization, one must understand the definition of a complaint. A complaint is a statement about expectations that have not been met. It is, more importantly, an opportunity for an organization to improve. My review gathered data to determine if the MMO should formalize a customer complaint system and to determine if our customers have a convenient way to complain.

This project recognizes customer complaints to be a key factor in providing quality services. For management to monitor its performance and adjust its processes, customer complaints must be evaluated. For us to get those complaints, we must make sure we are doing everything we can to encourage our customers to tell us when they are dissatisfied.

## Review Information Sources

A report titled Customer Dissatisfaction Project (Attachment A) released on February 21, 2003 by The South Carolina Budget and Control Board's Division of Internal Audit and Performance Review on customer dissatisfaction, page 10, states:

The quest to deliver the highest quality product or service requires listening to customers. Customers and the public are much more likely to have confidence if their complaints are dealt with quickly and appropriately. To improve client satisfaction, a problem solving approach must be initiated to focus on preventing and resolving customer complaints.

Technical Assistance Research Program, Inc. (TARP) provides us with some hard facts on the consequences of Customer Dissatisfaction. TARP studies cover a vast range of business types and have been validated yearly since 1970. On average, 50% of customers will complain about a problem to a front line person. Only 1-5% of customers will escalate their complaint to a local manager if it is not satisfactorily resolved. Business management never hears from 96% of their unhappy customers. Dissatisfied customers tell twice as many people about a bad experience than they tell about a good experience. TARP also found that customers whose complaints are satisfactorily resolved are up to 8% more loyal than if they had no problem at all. (Goodman)

TARP tells us that most dissatisfied customers make little or no effort to complain, dissatisfied customers are twice as likely to tell of a bad experience over a good one, and customers whose complaints have been satisfactorily resolved become more loyal. Therefore, the MMO must make sure it is receiving customer complaints, and that it promptly resolves those complaints and periodically analyzes complaints for commonality to prevent future complaints.

## Methodology

Information needed to understand customer complaint management at the MMO includes knowing how the MMO currently processes customer complaints, whether we have customers with complaints that have never expressed their dissatisfaction, and understanding how our customers prefer to file complaints.

Information about customer complaint management at MMO will be obtained from a questionnaire of customer complaint management processes of the South Carolina Budget and Control Board's divisions. The Division of Internal Audit and Performance Review conducted the questionnaire on October 31, 2002. The MMO customer complaint management process has not changed since that survey.

Information about our customers will be obtained from anonymous surveys of our customers. Our customers will be divided into two groups. Our first group will include all (100%) agency customers (agency customers means agency procurement personnel in this document) who submit requisitions to us and use our contracts to purchases goods and services and also all of the MMO staff. Most of these external customers with the agencies are required to use our services by law, i.e. state agencies that must send their procurement requests to the MMO for processing. In order to promote buy-in of a possible formalized customer complaint management system, I believe it is important to have MMO staff also respond to the survey. Their opinions are important too and they must always feel that way. Information from a second set of customers (referred to as vendors) will be from those who sell goods and services to the state. Those customers can choose whether or not to do business with us. Because the population of vendors is so large, we will select a systematic sample.

The questionnaire results of the MMO customer complaint management process will be revealed whereas the survey results of our customers will be compiled, compared and analyzed.

For the customer samples, we targeted 165 responses resulting in a 99 percent level of confidence with an error rate of plus or minus 10 points. To accomplish this return rate, we sampled our customers as shown in the following table and sent several reminders asking that they respond.

| <u>Customer</u> | <u>Population</u> | <u>Sample Size</u> | <u>Responses</u> |
|-----------------|-------------------|--------------------|------------------|
| Agencies        | 285               | 285                | 118              |
| Vendors         | 9501              | 503                | 66               |
| Totals          | 9786              | 788                | 184              |

## Results

The questionnaire (Attachment C) by the South Carolina Budget and Control Board's Division of Internal Audit and Performance Review reveals the following information about the MMO. The MMO does not have a customer complaint management system. No policies or procedures exist for processing complaints. We do not measure the time it takes to respond to complaints. We do not track complaints to resolution nor are complaints reported, compiled or analyzed. Our customers have no instructions on how or where to complain. The MMO is not sure if it needs customer complaint management training. In summary, MMO has nothing for a customer complaint management system.

Our customer surveys, shown as attachments D (agencies) and E (vendors), reveal similar information to each other. The results are discussed below.

To understand the degree of involvement of our sampled customers with the MMO, question 1 requests the number of years the customers have been doing business with us and question 2 requests the frequency of contacts they have in a year with us. Long term customers have a better understanding of our services, can provide better feedback to us and would be

more likely to have a complaint through longer exposure with us than customers with short term involvement.

Question 1 asks the number of years our customers have been doing business with us.

| <u>Number of years doing business with MMO</u> | <u>Agencies</u> | <u>Vendors</u> |
|--|-----------------|----------------|
| Over 5 years                                   | 82.2%           | 22.7%          |
| 2 to 5 years                                   | 13.6%           | 47%            |
| 1 year or less                                 | 4.2%            | 30.3%          |

The information from question 1 reveals that 95.8% (82.2% + 13.6%) of agency personnel who responded to the survey have at least two years of experience with MMO. Similarly, 69.7% (22.7% + 47%) of vendors have at least two years of experience with us. From this information, I can conclude that most agencies and vendors who responded to the surveys have been using our services for at least two years.

Question 2 asks the frequency of contact our customers have with us.

| <u>Frequency of contact with MMO</u> | <u>Agencies</u> | <u>Vendors</u> |
|--------------------------------------|-----------------|----------------|
| Over 12 contacts per year            | 28.8%           | 1.6%           |
| 1 to 6 contacts per year             | 45.8%           | 46.9%          |
| 7 to 12 contacts per year            | 17.8%           | 6.2%           |
| No contact                           | 7.6%            | 45.3%          |

The most popular frequency of contact category is the same for both sets of customers. 45.8% of agencies and 46.9% of vendors surveyed responded that they have 1 to 6 contacts per year or contact about every other month with us. However, we do see some differences. For instance, 7.6% of agencies said they have no contact with us whereas 45.3% of vendors responded to this same category. This difference can best be explained by understanding that

most of our agency customers are required by law to use our services, whereas vendors' use of our services is strictly voluntary. Overall, 92.4% of agencies and 54.7% of vendors responded that they have at least 1 to 6 contacts per year or contact about every other month with us.

Since most of our customers sampled have contact with MMO at least every other month, the survey results will more likely have customers who may have complaints with us. Therefore, the survey results should provide good data.

Question 3 asks how many customers have had complaints about MMO. The survey revealed the following data.

| <u>Customers with complaints</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|----------------------------------|----------------------------|---------------------------|---------------------------|--------------------------|
| No                               | 63.6%                      | 75                        | 87.9%                     | 58                       |
| Yes                              | 36.4%                      | 43                        | 12.1%                     | 8                        |

The results suggest most customers have had no complaints.

The next three survey questions are directed at customers who admitted to having complaints about MMO. It is noteworthy to point out that the data from questions 4 through 6 seems inconsistent in the number of customers who responded to these questions and the number of customers who responded to question 3 and admitted to having complaints. The overall data and data inconsistencies will be pointed out and discussed. The data inconsistencies offer a clue to a problem about the MMO.

Question 4 asks if our customers made their complaints known to us.

| <u>Made complaint known to MMO</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|------------------------------------|----------------------------|---------------------------|---------------------------|--------------------------|
| No                                 | 11.2%                      | 13                        | 15.2%                     | 10                       |
| Yes                                | 30.2%                      | 35                        | 6.1%                      | 4                        |
|                                    | Total Responded            | 48                        |                           | 14                       |

Question 4 clearly reveals that 13 agencies and 10 vendors admitted to not telling MMO of their complaints. Question 4 also reveals that 48 agencies and 14 vendors responded that they either made their complaint known or did not make their complaint known to MMO. But question 3 reveals that 43 agencies and 8 vendors said they have had a complaint with the MMO. Question 4 included a "Not Applicable" category but 5 more agencies and 6 more vendors chose not to respond to the not applicable category. The data is inconsistent in the number of customers that admitted to having a complaint. The data inconsistency between questions 3 and 4 suggests that more customers surveyed had complaints than that admitted to in question 3. The MMO must encourage customers to make their complaints known to us.

Question 5 inquires how the customers made their complaints known to MMO. Since customers could have had more than one complaint over time or used more than one method to express a complaint, they were allowed to respond to more than one category.

| <u>Method used to communicate complaint to MMO</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|--|----------------------------|---------------------------|---------------------------|--------------------------|
| Phone  | 35.5%                      | 39                        | 17.2%                     | 15                       |
| Email  | 30.0%                      | 33                        | 23.4%                     | 11                       |
| All others   | 26.5%                      | 29                        | 15.6%                     | 10                       |

Survey question 5 shows the most popular methods customers communicated their complaints to MMO to be by phone and email.

Also, question 5 reveals that 15 vendors communicated their complaints to us by phone. Question 3 reveals 8 vendors who admitted to having a complaint with MMO. Question 4 shows that 14 vendors either did or did not make their complaint known to us. Again, data inconsistency of the surveys suggests that more customers have complaints than are willing to admit.



Question 6 requests how many customers complained about MMO to someone else but, did not make their complaints known to us. Since customers could have more than one complaint over time, they were allowed to respond to more than one category.

| <u>Reason not communicated complaint to MMO</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|---|----------------------------|---------------------------|---------------------------|--------------------------|
| Did not want to create a bad relationship       | 9.1%                       | 10                        | 6.5%                      | 4                        |
| Complaint not serious enough                    | 8.2%                       | 9                         | 0                         | 0                        |
| Did not believe complaint would be handled      | 7.3%                       | 8                         | 0                         | 0                        |
| Could not be submitted anonymously              | 1.8%                       | 2                         | 1.6%                      | 1                        |
| Did not know how to submit a complaint          | 0                          | 0                         | 1.6%                      | 1                        |

The surveys reveal the most popular category to be the same by both agency and vendor customers. They do not want to create a bad relationship with us. Other popular categories show that either our customers do not think their complaints are serious enough or they do not believe their complaints will be handled. The surveys also include a category for other comments which allows respondents to express themselves. The surveys reveal nothing substantial in the other category. Question 6 gives us a strong hypothesis to why we have inconsistencies in numbers of customers responding to questions 3 through 5. Our customers do not want to create a bad relationship, they think their complaints are not serious enough or they think their complaints will go unheard.

Question 7 asks how our customers prefer to file complaints. Since customers may have more than one preference, they were allowed to respond to more than one category.

| <u>Preferred method to communicate a complaint to MMO</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|---|----------------------------|---------------------------|---------------------------|--------------------------|
| Web based system  | 45.7%                      | 53                        | 31.7%                     | 20                       |
| Dedicated email   | 41.4%                      | 48                        | 58.7%                     | 37                       |
| Phone   | 29.3%                      | 34                        | 23.8%                     | 15                       |
| Dedicated phone number                                    | 10.3%                      | 12                        | 25.4%                     | 16                       |
| Fax   | 8.6%                       | 10                        | 9.5%                      | 6                        |
| Other   | 8.6%                       | 10                        | 3.2%                      | 2                        |

The most popular methods through which our customers prefer to file complaints are a web-based system or dedicated customer complaint email address. MMO does not offer either method.

Question 8 asks whether our customers prefer to file complaints anonymously or leave their name.

| <u>Preferred method to file a complaint</u>        | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|--|----------------------------|---------------------------|---------------------------|--------------------------|
| Process allows customers the option to leave names | 75.2%                      | 88                        | 63.1                      | 41                       |
| Requires customers to leave names                  | 19.7%                      | 23                        | 27.7%                     | 18                       |
| Requires customers to leave complaint anonymously  | 0.9%                       | 1                         | 6.2%                      | 4                        |
| Other  | 4.3%                       | 5                         | 3.1%                      | 2                        |

The majority of our customers clearly prefer to have the option of whether or not to leave their names. MMO does not offer this option.

Question 9 asks if customers would prefer some type of identifier to be assigned to their complaints that would allow them the ability to track the status.

| <u>Prefer complaint tracking identifier</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|---|----------------------------|---------------------------|---------------------------|--------------------------|
| Yes   | 77.8%                      | 91                        | 75.4%                     | 49                       |
| No  | 6.8%                       | 8                         | 3.1%                      | 2                        |
| No opinion                                  | 15.4%                      | 18                        | 21.5%                     | 14                       |

The majority of our customers clearly prefer to have some type of tracking identifier that would allow them the ability to track the status of their complaints. MMO does not offer this option.

Question 10 asks if our customers would prefer that we explain our customer complaint process on our website.

| <u>Prefer complaint process be explained on web</u> | <u>Percent of agencies</u> | <u>Number of agencies</u> | <u>Percent of vendors</u> | <u>Number of vendors</u> |
|---|----------------------------|---------------------------|---------------------------|--------------------------|
| Yes   | 83.8%                      | 98                        | 76.6%                     | 49                       |
| No  | 2.6%                       | 3                         | 6.2%                      | 4                        |
| No opinion  | 12.0%                      | 14                        | 17.2%                     | 11                       |
| Other   | 1.7%                       | 2                         | 0                         | 0                        |

The majority of our customers clearly prefer to have our customer complaint process explained on our web site. MMO does not have any policies or procedures to address.

## Summary and Conclusions

Customer complaint management is a key factor in providing quality services. Malcolm Baldrige tells us that organizations must identify customer requirements and manage our relationships to keep them satisfied. Customer complaints are a valuable source of information to assist us in this endeavor since customer complaints are statements about expectations that have not been met. Additionally, TARP tells us 8% of customers whose complaints have been satisfactorily resolved become more loyal than if they had no complaints.

For management to monitor and adjust its work processes, customer complaints must be encouraged, promptly addressed, compiled, and periodically reviewed and evaluated. We must understand that most dissatisfied customers make little or no effort to complain and that most dissatisfied customers are twice as likely to tell of a bad experience over a good one.

To understand MMO's customer complaint process, all one has to do is look at our customer complaint policies and procedures. We have none.

Our customer survey results show that most of our customers who responded to our questions have been doing business with us for at least 2 years and most contact us at least 1 to 6 times a year or about every other month. While most of our customers have had no complaints about MMO, inconsistent data from questions 3, 4 and 5 indicate that some customers are reluctant to admit they have complaints. Question 6 reveals that customers who did not complain to MMO, but complained about MMO to someone else, fear creating a bad relationship with us, that their complaints would not be serious enough, or that their complaints would not be handled. Responses to question 6 may be a key indicator of why we received inconsistent data in questions 3 through 5. Therefore we must educate our customers that we value their opinions and want to hear from them.

Our surveys also reveal that our customers prefer to file complaints through web-based systems and dedicated customer complaint email addresses, something MMO does not offer. Our customers also prefer the flexibility of being able to file complaints leaving their names or

anonymously. MMO has no process that allows customers to file complaints anonymously. Our customers also prefer to have some type of complaint tracking identifier that would allow them to determine the status of their complaint resolution. Such an identifier would allow customers the ability to file complaints anonymously and still track their progress to resolution. Customers with a tracking identifier could also track their complaint resolution status at their leisure. Finally, our customers would like for us to explain our customer complaint process on our website.

Recommendations for MMO management include designating a customer complaint coordinator to implement a customer complaint management system. The coordinator should establish policies and procedures for a customer complaint management system that will receive, process, resolve and evaluate customer complaints. The South Carolina Budget and Control Board Division of Internal Audit and Performance Review report titled Customer Dissatisfaction Project (attachment A), page 9, includes the following recommendations for such a system that MMO management should incorporate.

- Develop an automated process for managing customer complaints
- Ensure easily accessible and well publicized information
- Develop service standards
- Clearly define responsibilities for dealing with customer complaints
- Ensure a full and fair investigation of customer complaints
- Establish time limits for resolving customer complaints
- Keep the customer and management informed of the progress of complaint resolution
- Provide for customer complaint escalation
- Control and monitor the customer complaint management system
- Develop a system for reporting outcomes
- Provide information for management use to improve products and services
- Honor clients' desire for confidentiality

Management should also provide customer complaint management training to our employees. We must change the staff's culture not to fear complaints but to embrace them as an opportunity to improve. We must also encourage our customers to tell us when they are dissatisfied by providing our customer complaint management policies and procedures on our website.

Management should establish a dedicated customer complaint email address. Discussions with Doug Smoak, Senior Resource Consultant, Information Services, Office of General Services, states the time and cost to establish an email address is almost nothing. The emails should be delivered to all of the managers of the program areas and the customer complaint coordinator. The coordinator should be responsible for providing feedback to the complainant.

Management should also establish a web-based customer complaint management system. Doug said he could develop a web-based system using Microsoft Access in less than a week. The cost would essentially be his time. The email and web-based system should function like the flowchart describes on page 6 of the Customer Dissatisfaction Project report, attachment A.

Complaints should be recorded, monitored, compiled and analyzed periodically by a committee. The committee should be represented by each program area within MMO and chaired by the customer complaint coordinator. The committee should also perform an annual evaluation of our customer complaint system. Such things as determining how many complaints we receive, how fast we acknowledge complaints, how quickly we satisfactorily resolve customer complaints and commonality identified among complaints to ward off future complaints should be considered in determining the success.

A report published in March 1996 by the Federal Benchmarking Consortium based on President Clinton's order to put customers first recommends managers who want to have a first-rate complaint system with results within six months should take five steps:

- 1. Issue a policy statement that says our organization embraces complaints; we view complaints as opportunities
- 2. Establish an implementation team with representatives from each step in the complaint handling process and identify each step in the process
- 3. Establish a tracking system
- 4. Develop recommendations to improve your core processes and empower front-line employees to resolve complaints on first contact
- 5. Implement the approved recommendations (Kjellerup)

I recommend we implement these five steps.

The Division of Procurement Services should target implementing all of the report recommendations by June 30, 2005.

John Goodman, Basic Facts on Customer Complaint Behavior and the Impact on Service of the Bottom Line, pages 1 and 2, (Attachment B) <http://www.tarp.com/pdf/basicfacts.pdf>

Niels Kjellerup, Editor. Customer Complaint Handling, Executive Summary, pages 1, 2 and 3, (Attachment F)

<http://www.callcentres.com.au/CustomerComplaint.htm#Customer%20Complaint>

**DIVISION OF INTERNAL AUDIT AND  
PERFORMANCE REVIEW**

**CUSTOMER DISSATISFACTION PROJECT**



## **EXECUTIVE SUMMARY**

Quality customer service is desired and appreciated by citizens. Government agencies in the U.S. as well as around the world are making great strides in improving the quality of the services they provide. Standards for performance, redress procedures, and the gathering of public input all are necessary elements of improved services.

In an effort to improve customer service, the Executive Director of the Budget and Control Board commissioned a Performance Review Team. The purpose of the team was to review and evaluate the manner in which Board offices receive and process customer complaints, to identify best practices and to make recommendations that will improve customer complaint management within the Board.

Recommendations include:

- Disseminate this document to the Board divisions to be used as a model for implementation of a customer complaint management system within their area.
- Establish an automated customer complaint management system by forming a Board work force team consisting of technology experts from the Chief Information Office and other divisions within the Board.
- Develop marketing strategies and a customer service training program in support of this document.
- Incorporate the customer complaint management policies and procedures recommended in this document into the Board's policies and procedures manual.

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# CUSTOMER DISSATISFACTION TEAM CHARTER

## STATE OF SOUTH CAROLINA State Budget and Control Board OFFICE OF EXECUTIVE DIRECTOR

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September 20, 2002

### PERFORMANCE REVIEW CUSTOMER DISSATISFACTION PROJECT Project No. PRFY03-01

#### TEAM CHARTER

The Budget and Control Board's Executive Leadership Team has commissioned a work force team to review and evaluate the manner in which Board offices receive and process customer complaints, to identify best practices, and to make recommendations that will improve customer complaints management within the Board.

#### Team Members

Robert J. Aycock IV  
Ronald A. Cathey  
Ronald C. Davis  
Rodney P. Grizzle  
Samuel T. Hanvey, Jr.  
Thelma M. Hopkins  
Tammy M. O'Quinn

Team Facilitator – Sue Sadik

Program Director – William McClary, Jr.

Team Advisor – Thomas Lucht

Division Director – Laura W. Watts

#### Signature

*Robert J. Aycock IV*  
*Ronald A. Cathey*  
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*Thelma M. Hopkins*  
*Tammy M. O'Quinn*  
*Sue Sadik*  
*William McClary, Jr.*  
*Thomas Lucht*  
*Laura W. Watts*

It is my desire that the Performance Review Team completes its work and report results and recommendations to the Board's Executive Leadership Team by December 20, 2002.

*Frank W. Fusco*

Frank W. Fusco, Executive Director  
S.C. State Budget and Control Board

## INTRODUCTION

An effective customer complaint management system is essential for quality service within the Budget and Control Board, hereinafter referred to as the Board. Malcolm Baldrige criteria 3.0, Customer and Market Focus, challenges the organization to identify customer requirements and manage relationships to keep them satisfied. Customer complaints are a valuable source of information that organizations can use to assist in accomplishing this criteria. To that end, the Executive Director of the Budget and Control Board established a Performance Review Team to study and provide feedback on "Customer Dissatisfaction" within the Board. The team's purpose and objectives are listed below.

### Purpose

Review and evaluate the manner in which Board offices receive and process customer complaints, identify best practices and make recommendations for improvement.

### Objectives

1. Determine the extent to which a customer complaint management system is deployed for services provided by the Board.
2. Identify a set of criteria, consistent with Board values, by which the effectiveness of a customer complaint management system can be measured.
3. Determine how well the Board Divisions existing customer complaint management systems measure up to the criteria.
4. Assess the need for training within the Board to handle customer complaints.
5. Recommend best practices.
6. Assess the feasibility of developing and implementing a centralized customer complaint management system within the Board and make recommendations.

### Definition of a Complaint

A complaint is a statement about expectations that have not been met. It is also, and perhaps more importantly, an opportunity for an organization to improve products and service delivery.

## NEEDS ASSESSMENT

The Performance Review Team conducted a needs assessment of the divisions within the Board to determine the extent of which customer complaint management systems are deployed. The division heads were interviewed using a 10-question survey. The survey identified the need for training and education, policies and procedures and a consistent means of monitoring and processing customer complaints (Appendix A).

The survey results guided the team in developing an action plan - a plan derived using a brainstorming technique. From the action items, the following categories developed:

- Customer Complaint Management System
- Technology
- Marketing and Training
- Policies and Procedures

## **CUSTOMER COMPLAINT MANAGEMENT SYSTEM**

The Performance Review Team established four categories as minimum requirements for the Board to either establish a customer complaint management system, or enhance any existing system. A flowchart is provided on page 6.

### Customer Complaint Received

Documented customer complaints provide valuable information and a record that will help the Board identify areas where service levels do not match client expectations. A tracking number will be assigned to each customer complaint. A customer complaint tracking number system will enhance the Board's commitment to accountability. The tracking numbers will allow the Board or its divisions to properly compile complaint data for analysis and evaluation

### Customer Complaint Processing

A format for describing customer complaints should use a computer-based system that records and tracks customer complaints until resolution is reached.

### Customer Complaint Resolution

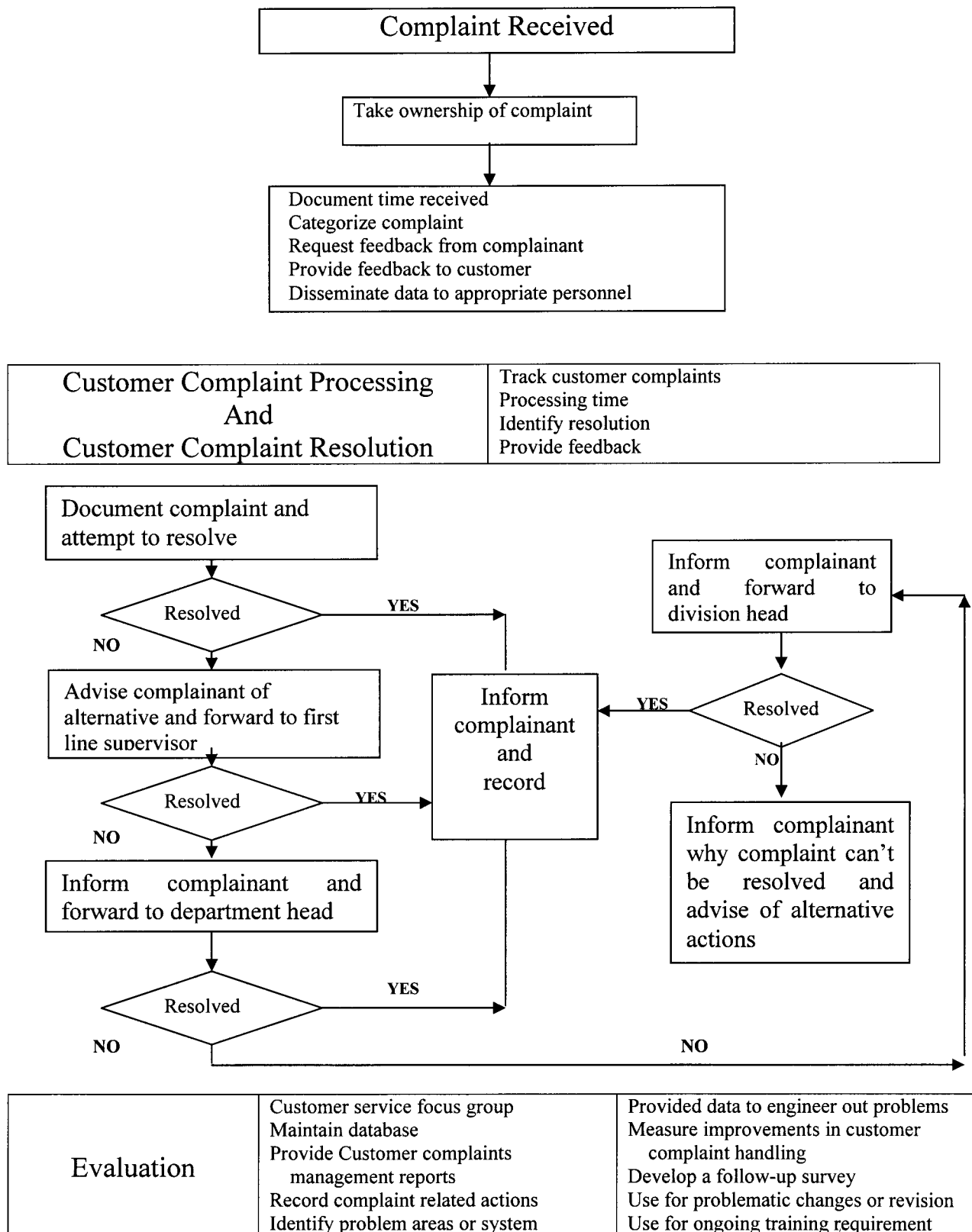
The Board's intent is to resolve the customer complaint at the lowest possible level. If the customer complaint cannot be initially resolved, the complainant will be advised accordingly.

### Evaluation of Customer Complaints

Customer complaints should be evaluated periodically to:

- Record customer complaint related actions.
- Provide customer complaints management reports.
- Identify problem areas.
- Engineer out problems.
- Measure improvements in customer complaint handling.
- Develop a follow-up survey.
- Identify customer requirements and priorities.
- Identify requirements of potential customers.
- Set up a customer service focus group.

## Customer Complaint Management System Flowchart



## TECHNOLOGY

Companies strive to create goals, processes, culture, management, and incentives that build infrastructure. Computer Systems (software) are a dominant and increasing part of business infrastructure. The Board divisions have to validate the customer complaint management system and resolve issues to ensure customer satisfaction and process correction.

The on-line environment is playing a significant role in the global market. Both businesses and consumers derive significant benefit from online interactions. A web-developed application using the latest technology paired with a safe and secure database will meet the needs of the online customer complaint management system.

A web-based automated system would have the ability to allow customers to report problems or concerns. Moreover, this system can provide automated customer satisfaction surveys, which can be emailed to each complainant.

The web-based automated system provides the following benefits:

- Provides documentation required to validate customer complaints. The system would be able to track the customer complaint from the time it is reported to the time the resolution is made while allowing the Board to monitor all phases of the customer complaint process.
- Enhances project management to ensure projects and services are implemented on schedule and on budget.
- Promotes continual process improvement with automated customer surveys and evaluation reports.

## MARKETING AND TRAINING

One cannot succeed in today's environment if an organization is not fully customer-focused, with a clear strategy and marketing plan. To build or support such an organization requires an understanding of marketing. Marketing translates the total customer proposition into an operating organization dedicated to delivering customers what has been promised.

An organization will grow only if employees continually demonstrate to the market that they understand its needs and don't just meet them—they exceed them. One reason companies lose customers is over customer dissatisfaction. Every employee in an organization should feel a part of the marketing department. An organization can lose an investment for the cost of a mishandled phone call, an ignored or poorly worded e-mail, or an inappropriate facial expression. Sincere customer service builds trust and a good reputation and must be a priority of every employee.

The goals of the Board's marketing and training program are to:

- Provide and promote access to services.
- Build customer trust by responding in a timely, accurate, and courteous manner.
- Communicate to employees any changes in Board policies and procedures.

These goals can be accomplished by:

- Retaining existing customers.
- Building new customer bases.
- Increasing referrals to Board services and programs.
- Empowering Board employees in addressing customer inquiries and complaints.
- Developing a training program that provides continuing education in customer service.

### Marketing

Strategies designed to promote and elevate the visibility of programs and services within the Board are currently being developed by a committee comprised of Board staff. These strategies will target current and potential external and internal customers.

### Training

One of the goals of training is to empower employees to resolve customer complaints at the lowest level, effectively and efficiently. Customer Service training should be integrated with the Board's training responsibilities. Employees should be trained to a level where they can demonstrate knowledge of customer service complaint policies and procedures. Some of the topics should be Board policies and procedures, services and programs, business etiquette skills, and data evaluation. The team noted one training application that could be used to assist in achieving these goals (see Appendix C). Due to current budget constraints, customer service training may be conducted using the "train-the-trainer" concept. The Board should develop a training curriculum that consists of customer service courses designed for master trainers. These master trainers would then provide periodic training to Board employees.



## **CUSTOMER COMPLAINT POLICY**

Effective customer complaint management enhances the product/service provider's reputation, builds consumer confidence and loyalty, and attracts new customers. Consumers give the product/service provider an opportunity to correct the immediate problem and restore goodwill. This results in increased revenue, improved products, processes, services and personnel performance.

Each division of the Board will implement a customer complaint management system that will receive, process, resolve and evaluate customer complaints. The divisions must:

- Develop an automated process for managing customer complaints.
- Ensure easily accessible and well publicized information.
- Develop service standards.
- Clearly define responsibilities for dealing with customer complaints.
- Ensure a full and fair investigation of customer complaints.
- Establish time limits for resolving customer complaints.
- Keep the customer and management informed of the progress of complaint resolution.
- Provide for customer complaint escalation.
- Control and monitor the customer complaint management system.
- Develop a system for reporting outcomes.
- Provide information for management use to improve products and services.
- Honor clients' desire for confidentiality.

The divisions must ensure customer service representatives are:

- Knowledgeable and conversant in the products and services that they represent.
- Trained in effective customer complaint management techniques.
- Courteous and fair.
- Good listeners and have the ability to empathize with complainants.
- Empowered to resolve customer complaints at their level. Customer complaint resolution should be escalated only at the customer's request or when it cannot be resolve at a lower level.

Each division needs to know the customers' expectations, the extent to which the Board can meet them and how well they are met. This knowledge will allow the Board to make the necessary adjustments when customers' expectations exceed resources available or provisions of a particular program.

## CONCLUSION

“We make government better” is the vision of the Budget and Control Board. Implementing policies and procedures that increase efficiency, save money, and achieve better relations with clients will help make this vision a reality.

The quest to deliver the highest quality product or service requires listening to customers. Customers and the public are much more likely to have confidence in the Board if their complaints are dealt with quickly and appropriately. To improve client satisfaction, a problem solving approach must be initiated to focus on preventing and resolving customer complaints.

The Board divisions should establish an automated customer complaint management system. Further, Board employees should have insight into the expectations of their customers and be empowered to make decisions which create a personal service experience for each customer. This can be accomplished by marketing products and services, training employees on customer satisfaction techniques and instituting sound policies and procedures.

Therefore, the Performance Review Team recommends that by providing innovative leadership, encouraging creativity and professionalism, the Board can increase its effectiveness and efficiency in striving to eliminate customer dissatisfaction.

## **Appendix A**

## **Summary: Customer Complaint Management Survey Response**

The Customer Dissatisfaction Performance Review Team received responses from 14 Board programs to its customer complaint management Survey. The following is a summary of the responses:

- **Question: If your office has a customer complaint management system, how are complaints processed?**

Responses: 7 described how customer complaints were processed; 1 was not applicable (N/A); 6 did not tell how complaints were processed.

- **Question: What is the average customer complaint processing time?**

Responses: 2 immediately; 3 within 24 hours; 6 not determined or not available; 1 didn't know; 2 did not respond.

- **Question: How are customer complaints tracked and reported?**

Responses: 6 have at least some means of tracking and reporting complaints, 8 did not.

- **Question: What are the procedures for following up on complaints?**

Responses: 10 reported some type of follow up complaint procedure was in place, 3 did not respond, 1 N/A.

- **Question: Are complaints aggregated and analyzed within your office?**

Responses: 8 yes, 6 no.

- **Question: Are there written policies, procedures, forms, etc regarding customer complaints?**

Responses: 6 yes; 2 no; 1 being developed now; 4 no response; 1 N/A.

- **Question: How does the customer know how and where to file complaints?**

Responses: 11 had some combination of telephones, web sites, newsletters, pamphlets or brochures, 1 no response, 1 customer survey, 1 word-of-mouth and through work order center.

- **Question: In your opinion, is there a need for customer complaint management training in your organization?**

Responses: 5 yes; 5 no; 3 no opinion; 1 didn't know.

## **Appendix B**

## **Why do customers get upset and complain?**

The first and obvious answer to this question is that clients are dissatisfied. You should find out what is making them complain. Listening is the most effective way to deal with the emotions of a complainant and to understand the root of their concern or frustration. Many customer complaints arise because the organization has not clearly communicated its regulations, programs, policies, and services to its customers. Customer complaints also arise when customers are dissatisfied with a program or service. To find the right type of solution, you need to understand the nature of the customer's dissatisfaction.

Some customer complaints are not appropriate for a particular resolution system, and some cannot be resolved. In these cases, you must still treat complainants with respect and fully explain the reasons why you cannot accept or resolve their complaint. Where appropriate, you should direct complainants elsewhere for assistance.

### **Some reasons that customers complain:**

- Unmet expectations.
- Frustrated, angry and powerless over the problem.
- Untrained personnel.
- Dislike the organization.
- It is the only way they feel they can be heard.
- Discourtesy - they have been treated with disrespect.
- Customers feel ignored.
- Conflicting statements among customer representatives.
- Customer feels views are unimportant or wrong.
- Customer already upset and frustrated.
- Customer's integrity questioned.

### **Some factors that influence customer satisfaction of service:**

- Efficiency - Providing precise information or service in a timely manner.
- Confidence - The person providing the information/service has confidence that is visible to the customer.
- Helpfulness - A customer is assisted beyond expectations.
- Sincere Interest - When sincere interest is shown in answering a customer's inquiry.
- Reliability - The customer can depend on performance or response.

## **Appendix C**

## Application of Heat Principle

“HEAT” is an acronym for **H**earing, **E**mpathize, **A**pologize, and **T**ake Ownership. The author, John Hartley, a development coach with Promus Hotel Corporation in Tampa, Florida is ranked number one in the hotel industry in the American Customer Satisfaction Index, published by the University of Michigan School of Business and the American Society for Quality. Hartley stated that learning and applying the HEAT principle could turn a negative situation into a positive one. Using the HEAT principle works well either in person or over the phone and it allows an organization to first meet the customer’s needs and then focus on meeting the customer’s practical needs.

Keep your Customers by taking the **HEAT** principle as part of the customer complaint processing strategy. Customers will usually show emotion when they are dissatisfied. This is the first indicator that a customer is unhappy. But why is it difficult for employees to listen to customers expressing their emotion? It is possible that:

- The customers might be wrong or unfair.
- The customers might jump to conclusions.
- The customers may accuse the employees.
- The employees may wish to defend themselves.
- There may be other work that needs to be done.
- The customer may well have a legitimate customer complaint.

Everyone who comes into contact with a customer, whether over the phone or in person, needs to remember that emotion often gets in the way of listening, problem-solving, and rational decision-making.

It is equally important during this emotional time that employers recognize their employees have needs as well. The basic need is to maintain and enhance their self-esteem. To accomplish this, our employees must:

- Feel trained and qualified.
- Feel successful.
- Feel in control.
- Feel they are empowered.
- Feel valued in their abilities.
- Feel they will be supported.



## **How to apply HEAT.**

### **Hear:**

A dissatisfied customer wants to know that someone is willing to listen. It's important to be quiet, pay attention, and listen carefully to what the customer is saying, without being distracted or sounding impatient. *Do not interrupt!* To do so may cause the customer to argue, to withdraw, or to hang up or go away.

### **Empathize:**

The customer wants to know that someone understands and cares after getting the opportunity to express their dissatisfaction. Listen and respond with empathy to acknowledge the customer's feelings and the facts of the situation that are causing those feelings.

Acknowledge the customers' feelings.

Acknowledge the facts of the situation.

Let the customers know you heard them.

Let the customers know you understand how they feel and why they are upset.

### **Apologize:**

The customer wants to hear that you are sorry about the problem or inconvenience. Expressing empathy before apologizing shows the customer that you understand the feelings behind the customer complaint. This will legitimize your apology. Unless the problem is your fault, you can apologize without accepting blame.

### **Take Ownership:**

Customers complain because they feel something needs to be done. If possible, fix the problem on the spot or take ownership of the problem and forward it to the next supervisory level.

Commit to follow up if appropriate.

HEAT principle can pay the Board in customer loyalty, business success, employee satisfaction and retention and lastly, customer satisfaction.

# Basic Facts on Customer Complaint Behavior and the Impact of Service on the Bottom Line<sup>1</sup>

By  
John Goodman<sup>2</sup>

Several recent publications (including this one) have started off discussions of why customer service and quality are important by recounting basic facts describing customer behavior and the impact of service on market actions such as repurchase and word of mouth. Normally, the attribution for these facts is, "Research has shown." A number of these basic facts are based upon research originally conducted by TARP in the 1970s. TARP has since replicated the research in almost every industry and 20 countries, and has found the basic fact to still hold, even in the late 1990s. Unfortunately, the basic source is often lost and worse, the facts have often been garbled or confused. Finally, data and facts have been attributed to TARP that are outright wrong!

The following is the Truth According To TARP (or should I say The World According to TARP!)

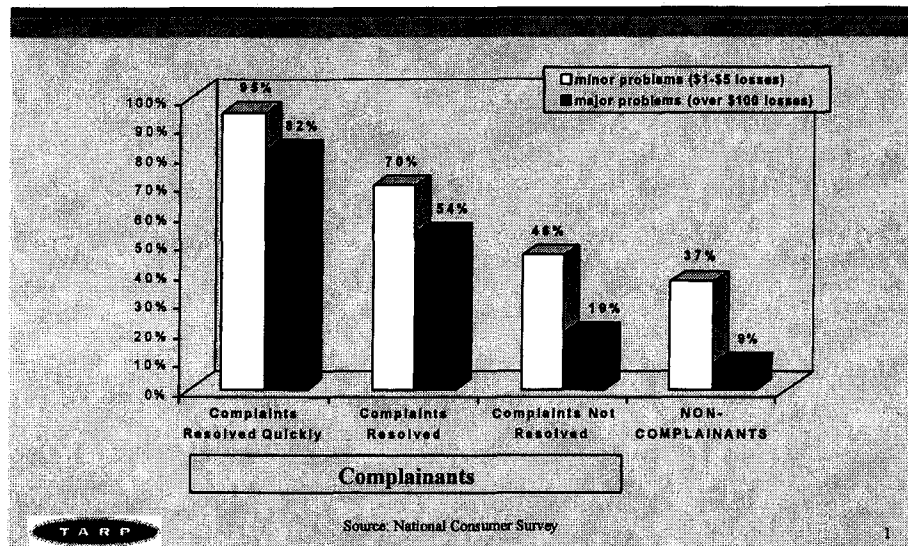
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<sup>1</sup> First published in *Competitive Advantage*, June 1999, pp. 1-5.

<sup>2</sup> John Goodman is president of e-Satisfy and was formerly President of TARP. E-Satisfy can be reached at 1300 Wilson Boulevard, Suite 950, Arlington, VA 22209; 703-524-1456; [www.e-Satisfy.com](http://www.e-Satisfy.com).

- ◆ On average, across all industries, 50% of consumers will complain about a problem to a front line person. In business to business environments, 75% of customers will complain to a front line person. If this front line person is an employee of a distributor or retailer, the chances are high that the problem will never be reported to the manufacturer or corporate office. This leads to the next finding.
- ◆ Only 1-5% of customers will escalate their complaint to a local manager or corporate HQ. For packaged goods and other small ticket items, TARP has found that 96% of consumers either do not complain or complain to the retailer where they bought it. For large ticket items, the complaint rate is higher, rising to 50% to front line and 5-10% of complainers escalating to local management or corporate. The existence of an 800 number at corporate HQ will, on average, double the number of complaints getting to corporate. However, only one out of 100-500 will actually be addressed to a senior executive.
- ◆ Complaint rates vary by type of problem. Problems which result in out of pocket monetary loss have high complaint rates (e.g., 50-75%) while mistreatment, quality, and incompetence problems evoke only 5-30% complaint rates to the front line. For example, TARP recently found that only 3% of consumers unhappy about their airline meal complained to anyone and they all complained to the flight attendant. No one complained to HQ or Consumer Affairs.
- ◆ On average, twice as many people are told about a bad experience than they are about a good experience. The original study for Coca-Cola in 1981 found that a median of 5 persons heard about a good experience and a median of 10 heard about a bad experience for a small ticket packaged good. A subsequent study for a domestic auto manufacturer found that a median of 8 persons were told about a good auto repair experience (big ticket cost) and a median of 16 received negative recommendations about a bad experience. The magnitude of word of mouth varies by product, price and industry. The original TARP White House Office of Consumer Affairs Study is (Survey Report released in 1976 and Final Report in 1980) contained the following chart recounting the impact of problem solving on loyalty.

## How Many Of Your Customers With Problems Will Buy From You Again?



- ♦ The “*resolve quickly*” bars were added in 1982 based upon an analysis of the loyalty if the customer’s problem was resolved on the first contact. A subsequent study for Coca-Cola in 1982 further showed that resolution on first contact achieved 10% higher satisfaction and loyalty than resolution via multiple contacts.
- ♦ TARP also examined the cost to obtain a new customer vs. retaining a current customer via complaint handling. The original study examined the advertising cost to win new auto customers vs. the goodwill expense to retain an existing customer for a domestic auto company. The company had a cost of \$375 in advertising for each car sold. They had about a 50% base loyalty rate, which meant that the actual advertising cost **per new customer won** was actually \$750. The goodwill expense to retain a customer averaged \$150. Therefore, we derived the fact that it was five times as expensive to win a new customer as to keep a current customer. This formed the basis for establishing many of the customer service 800 numbers in the early 1980s. (See, *Business Week*, *Making Service a Potent Marketing Tool*, June 11, 1984, pages 164-170.) Since then, TARP has found the real ratio of cost to win a new customer vs. retaining a current customer varies from 2 to 1 to 20 to 1.
- ♦ TARP’s last basic finding, first published in 1988, is that customers who complain and are satisfied are up to 8% more loyal than if they had no problem at all.

- ◆ One set of data that is often attributed to TARP is the reasons why customers leave. This so-called study reports that 2% of customers die, 5% have personal reasons, and the rest are lost due to poor employee attitude. TARP vehemently disagrees with this suggestion because TARP finds that most employees want to do a good job. TARP finds that only 20% of dissatisfaction is caused by employee actions, 40% by corporate products and processes which have an inherent unpleasant surprise for the customer, and up to 40% are caused by customer mistakes or incorrect expectations.

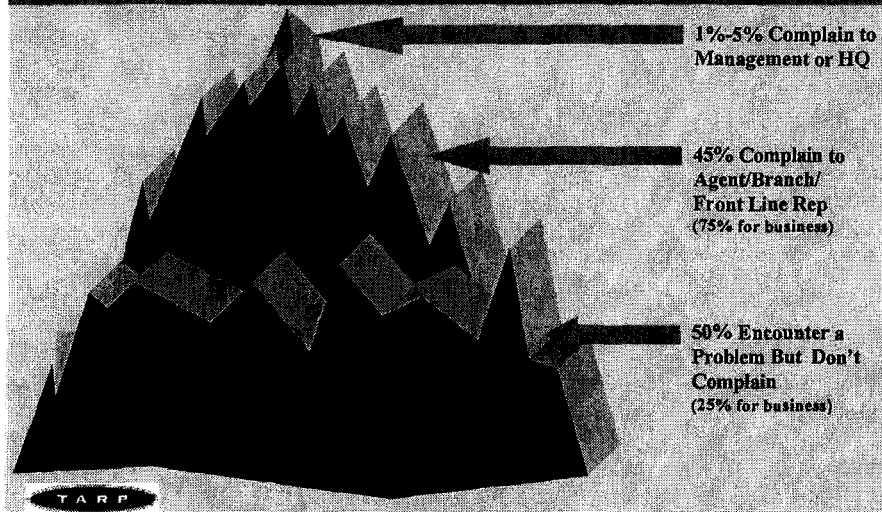
For additional information, contact [www.e-Satisfy.com](http://www.e-Satisfy.com). or 703-524-1456

(Editor's Note: Our February Issue of Competitive Advantage included an article that contained some "statistics" that rightfully should have been attributed to TARP. Our apologies. Please retain this edition of Competitive Advantage and use this article as a source to list Mr. Goodman and TARP as the source of any of the statistics contained in the article. Mr. Goodman spoke at the 7<sup>th</sup> Annual Service Quality Conference and is a keynote speaker at our 8th Annual Service Quality Conference in St. Pete Beach).

Mr. Goodman also made the following TARP graphic available to Competitive Advantage. The Tip of the Iceberg Phenomenon, originally published by TARP in 1988, was used by Vice President Al Gore in his article, "Serving the American Public: Best Practices in Resolving Customer Complaints," Federal Benchmarking Consortium Study Report *as reported in the National Performance Review*, March 1996.



## The Tip Of The Iceberg Phenomenon



| Attachment C   |   | Attachment C                        |  |   |  |  |  |                              |   |   |  |
|--|---|-------------------------------------|--|---|--|--|--|------------------------------|---|---|--|
| CUSTOMER COMPLAINTS MANAGEMENT SURVEY RESPONSE         |   |                                     |  |   |  |  |  |                              |   |   |  |
| OCTOBER 31, 2002                                       |   |                                     |  |   |  |  |  |                              |   |   |  |
| Board Organizations                                    | 1. What Offices have a CCMS?                                      | 2. What Offices do not have a CCMS? | 3. How are CCs processed?  | 3a. What is the average CC processing time? | 3b. How are CCs tracked and reported?                                      | 3c. What are Procedures for following up on CCs.   | 3d. Are CCs aggregated and analyzed?                                       | 3e. Are there written P & P? | 3f. How do customers know where and how to complain?  | Is there a need for CCM training?         | Other Comments   |
| Insurance and Grant Services Division                  |   |                                     |  |   |  |  |  |                              |   |   |  |
| Local Government                                       |   | Local Government                    |  | N/A   | Not tracked.   | Contact legis and 6th floor.   | Sometimes modify policies.   | N/A                          | We deal mainly with local gov't and legis.  | No  | Is there a system of praise and recog for outstanding service? |
| Energy Office  | Has system for customers suggestion, complaints, etc.             | N/A                                 |  | 24 hours goal                               | Complaints come to public info coord who distributes to appropriate staff. | Staff person responds, copy PIC. Mgmt staff also notified.   | Yes, aggregated in a db and analyzed by appropriate staff & mgmt.          | Being developed now.         | Web page, questionnaires, newsletter.   | No formal tng needed.                     |  |
| Insurance Reserve Fund                                 | N/A   | N/A                                 |  | N/A at this time.                           | Thru customer feed-back flow process.*                                     | Not clear.   | Analyzed by review committee. Did not address aggregation of complaints.   | Yes                          | Contact by field reps, online or direct contact at the IRF office.                          | Not provided.                             | IRF review committee meets qtrly or on an as-needed basis.     |
| Employee Insurance Program                             |   |                                     | Through customer services and field services units.  | Not determined.                             | Info written on memo pad, then recorded correspondence tracking system.    | By calling back or responding in writing.  | No. We need to aggregate phone calls, visits, etc. for analyses.           | Yes                          | Through brochure, Insurance Benefit Guide, annual enrollment newsletter, etc.               | Yes                                       |  |
| Procurement Services Division                          |   |                                     |  |   |  |  |  |                              |   |   |  |
| Materials Management Office                            | None  | All                                 | NA   | No response                                 | Could use a system to track cc   | No response  | No Response  | No Response                  | No response   | I don't know if we need training on ccm   |  |
| General Services Division                              |   |                                     |  |   |  |  |  |                              |   |   |  |
| Facilities Management                                  | Have procedures but no formal CCMS.                               |                                     |  | Not provided.                               | CCs reported to AD. No formalized tracking and reporting system.           | Complainant will be visited in person or contacted by phone and informed of the status.  | No   | No                           | Word-of-mouth and thru Work Order Center.   | Yes                                       |  |
| Business Services State Building and Property Services | No formal CCMS.   |                                     | Appraisal has only one customer, IRF. Chg system to satisfy complaints. Few complaints, resolve issues as they arrive, elevate as necessary. | Not determined.                             | Same as 3.   | Complaints are followed up on by the team leaders.   | No   | None reported.               | Teams use customer survey as a means of getting complaints.                                 | Do not feel there is a need for training. |  |
| State Fleet Management                                 |   |                                     |  |   |  |  |  |                              |   |   |  |
| Compliance and Analysis Team                           | No formal CCMS. Uses informal process to follow up on complaints. |                                     | Use database to manage SCEMIS help requests. Investigate complaints, take appropriate action.  | Not determined.                             | Not tracked.   | Employee resolves complaint, if possible. Otherwise, the supv is informed and complaint forwarded to appropriate section. Written complaints are responded to in kind. | Not aggregated. Complaints are used to identify areas of customer concern. | No                           | Has strong working relations with customers. Therefore, customers feel at ease to complain. | Yes                                       |  |

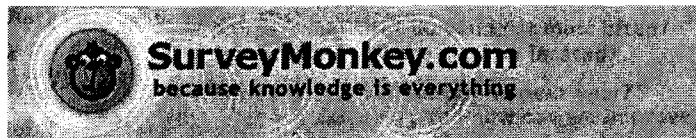
**CUSTOMER COMPLAINTS MANAGEMENT SURVEY RESPONSE**

**OCTOBER 31, 2002**

| Board Organizations   | 1. What Offices have a CCMS? | 2. What Offices do not have a CCMS? | 3. How are CCs processed?   | 3a. What is the average CC processing time?             | 3b. How are CCs tracked and reported?  | 3c. What are Procedures for following up on CCs.                                 | 3d. Are CCs aggregated and analyzed?  | 3e. Are there written P & P?                      | 3f. How do customers know where and how to complain?                  | Is there a need for CCM training?                                    | Other Comments  |
|---|------------------------------|-------------------------------------|---|---|--|--|---|---|---|--|---|
| General Services Division (Continued)                                   |                              |                                     |   |   |  |  |   |   |   |  |   |
| Program Support   |                              |                                     |   | Immediately, asap.                                      | Complaint log.   |  | Not at this level   | Yes   | Website and can obtain phone # thru DA.                               | No need.   |   |
| Commercial Vendor Repair Program  | CVRP                         |                                     |   | Immediate action is taken to initiate written response. | Complete complaint report log, send letter to vendor, require response within 10 days. | Warning ltr to vendor. Could lead to vendor removal from vendor list.            | Yes, to determine if appropriate action was taken and to correct cause.                     | Yes   | Yes   | No. Complaints referred to Contracts Manager for appropriate action. | I wonder what kind of CCMS their vendors have.  |
| Agency Mail, Supply, and Property Disposal                              |                              |                                     |   |   |  |  |   |   |   |  |   |
| Central Supply  | Don't know.                  | Don't know.                         | Received via telephone and handled by the appropriate section: shipping, receiving, returns, etc appropriately. | Most times, the same day.                               | All complaints reported to team. No process for tracking complaints.                   | Follow up contact maintained with customer until complaint resolved.             | Complaints reviewed in team meetings with discussion on how to improve or eliminate causes. | Do not have form. Response did not address P & P. | Contacts and phone numbers listed in catalog and on web site.         | Yes  |   |
| Agency Mail   |                              |                                     | Listen to customer and act to mishandled mail or other issue.   | A few minutes to hours.                                 | Complaints handled internally, not tracked.  | Checking all sources, then following up with customer.                           | Yes. Analyzed and discussed during team meetings.   | Yes   | Contact and phone # in Agency Mail's User Guidelines and on web site. | No preference stated.  |   |
| Surplus Property  |                              |                                     | Listen to the customer, get them to the right place, elevate when necessary, etc.                               | Don't know.   | No comprehensive tracking system.  | Checking all sources, then following up with customer.                           | No  |   |   |  | A user-friendly system to track complaints would be beneficial.                                 |
| Retirement Systems  | All departments.             | N/A                                 | Informal process. CCs resolved at the lowest level.   | Not available.  | Individual account files. Tracks problems and calls thru customer contact log.         | CC and response logged. Unresolved CC elevated. Has formal admin review process. | Normally, CC handled within dept that has jurisdiction. Study CCs for lessons learned.      | Yes   | The inquirer is advised how and when to file a complaint.             | No outside training is needed.                                       | SCRS has statutes and admin procedures that govern operations, responses and course of actions. |
| *Are all IRF customer complaints recorded and tracked in a master file? |                              |                                     |   |   |  |  |   |   |   |  |   |



## Attachment D


[Privacy](#) [Contact Us](#) [Logout](#)
[Home](#) [New Survey](#) [My Surveys](#) [List Management](#) [My Account](#) [Help Center](#)

Wednesday, January 26, 2005

## Results Summary 1. Definition of a Customer Complaint

[Export...](#)

## Filter Results

To analyze a subset of your data, you can create one or more filters.

[Add Filter...](#)

Total: 118

Visible: 118

## Share Results

Your results can be shared with others, without giving access to your account.

[Configure...](#)

Status: Enabled

Reports: Summary and Detail

## 1. Definition of a Customer Complaint

1. Indicate (in years) how long you have interacted with the Materials Management Office.

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| 1 year or less                 | 4.2%             | 5              |
| 2 to 5 years                   | 13.6%            | 16             |
| over 5 years                   | 82.2%            | 97             |
| <b>Total Respondents</b>       |                  | <b>118</b>     |
| <b>(skipped this question)</b> |                  | <b>0</b>       |

2. How many times have you had contact with the Materials Management Office in the past 12 months?

|  | Response Percent | Response Total |
|--|------------------|----------------|
| 0 (no contact)                           | 7.6%             | 9              |
| 1 - 6 contacts (about every other month) | 45.8%            | 54             |
| 7 - 12 contacts (about once a month)     | 17.8%            | 21             |
| over 12 (I contact MMO regularly)        | 28.8%            | 34             |
| <b>Total Respondents</b>                 |                  | <b>118</b>     |
| <b>(skipped this question)</b>           |                  | <b>0</b>       |

3. Have you ever had a complaint about the Materials Management Office?

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| Yes                            | 36.4%            | 43             |
| No                             | 63.6%            | 75             |
| <b>Total Respondents</b>       |                  | <b>118</b>     |
| <b>(skipped this question)</b> |                  | <b>0</b>       |

4. Did you make your complaint known to the Materials Management Office?

|                                | Response<br>Percent | Response<br>Total |
|--------------------------------|---------------------|-------------------|
| Yes                            | 30.2%               | 35                |
| No                             | 11.2%               | 13                |
| Not applicable                 | 58.6%               | 68                |
| <b>Total Respondents</b>       |                     | <b>116</b>        |
| <b>(skipped this question)</b> |                     | <b>2</b>          |

5. Please select the answer or answers that best describe how you communicated a complaint to the Materials Management Office. You may select more than one answer.

|                                | Response<br>Percent | Response<br>Total |
|--------------------------------|---------------------|-------------------|
| Phone                          | 35.5%               | 39                |
| Email                          | 30%                 | 33                |
| Letter                         | 5.5%                | 6                 |
| Fax                            | 5.5%                | 6                 |
| Meeting                        | 10%                 | 11                |
| Not applicable                 | 54.5%               | 60                |
| Other (please specify)         | 5.5%                | 6                 |
| <b>Total Respondents</b>       |                     | <b>110</b>        |
| <b>(skipped this question)</b> |                     | <b>8</b>          |

6. If you complained about the Materials Management Office to someone else and did not make your complaint known to our Office, your reason would be best described as: (You may select more than one answer.)

|  | Response<br>Percent | Response<br>Total |
|--|---------------------|-------------------|
| My complaint was not serious enough.                 | 8.2%                | 9                 |
| I did not know how to submit a complaint to the MMO. | 0%                  | 0                 |
| My complaint could not be submitted anonymously.     | 1.8%                | 2                 |
| I did not want to create a bad relationship.         | 9.1%                | 10                |
| I did not believe my complaint would be dealt with.  | 7.3%                | 8                 |
| Not applicable                                       | 76.4%               | 84                |
| Other (please specify)                               | 3.6%                | 4                 |
| <b>Total Respondents</b>                             |                     | <b>110</b>        |
| <b>(skipped this question)</b>                       |                     | <b>8</b>          |

7. How would you prefer to file a customer complaint to the Materials Management Office? You may select more than one answer.

|       | Response<br>Percent | Response<br>Total |
|-------|---------------------|-------------------|
| Phone | 29.3%               | 34                |

|  |  |              |            |
|--|--|--------------|------------|
| Fax  |  | 8.6%         | 10         |
| Dedicated Customer Complaint phone number.                 |  | 10.3%        | 12         |
| Dedicated Customer Complaint Email address                 |  | 41.4%        | 48         |
| <b>Customer Complaint Web Based System</b>                 |  | <b>45.7%</b> | <b>53</b>  |
| <input type="button" value="View"/> Other (please specify) |  | 8.6%         | 10         |
| <b>Total Respondents</b>                                   |  |              | <b>116</b> |
| <b>(skipped this question)</b>                             |  |              | <b>2</b>   |

8. If you were to file a customer complaint, would you prefer:

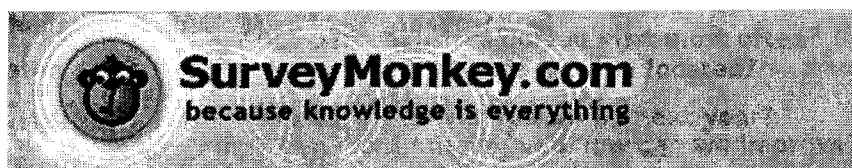
|  | Response Percent | Response Total |
|--|------------------|----------------|
| That our process requires you to leave your name   | 19.7%            | 23             |
| That our process requires you to leave complaints anonymously  | 0.9%             | 1              |
| <b>That our process allows you to decide whether to leave your name or make an anonymous complaint</b> | <b>75.2%</b>     | <b>88</b>      |
| <input type="button" value="View"/> Other (please specify)   | 4.3%             | 5              |
| <b>Total Respondents</b>   |                  | <b>117</b>     |
| <b>(skipped this question)</b>   |                  | <b>1</b>       |

9. Would you prefer that some type of identifier be assigned to your complaint that would allow you to track the status of the resolution through our website?

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| <b>Yes</b>                     | <b>77.8%</b>     | <b>91</b>      |
| No                             | 6.8%             | 8              |
| No opinion                     | 15.4%            | 18             |
| <b>Total Respondents</b>       |                  | <b>117</b>     |
| <b>(skipped this question)</b> |                  | <b>1</b>       |

10. Would you prefer that we describe our customer complaint process on our web site?

|  | Response Percent | Response Total |
|--|------------------|----------------|
| <b>Yes</b>   | <b>83.8%</b>     | <b>98</b>      |
| No   | 2.6%             | 3              |
| No opinion   | 12%              | 14             |
| <input type="button" value="View"/> Other (please specify) | 1.7%             | 2              |
| <b>Total Respondents</b>                                   |                  | <b>117</b>     |
| <b>(skipped this question)</b>                             |                  | <b>1</b>       |

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## Open-Ended Results Detail

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### Filter Results

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[Add Filter...](#)**Total:** 118**Visible:** 118

### Share Results

Your results can be shared with others, without giving access to your account.

[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: [Show 10 per page](#)

Displaying 1 - 6 of 6

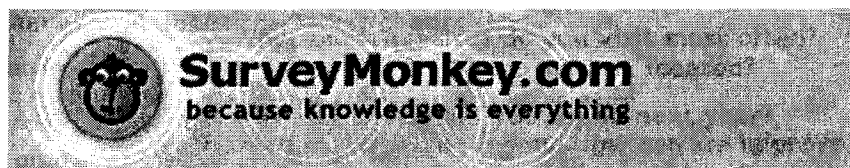


Please select the answer or answers that best describe how you communicated a complaint to the Materials Management Office. You may select more than one answer.

1. face to face
2. on-line
3. Some things are not worth worrying about
4. Conversation after meeting on a different topic
5. in person
6. vendor complaint form

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Displaying 1 - 4 of 4

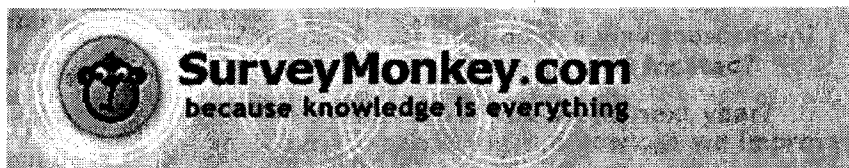


If you complained about the Materials Management Office to someone else and did not make your complaint known to our Office, your reason would be best described as: (You may select more than one answer.)

1. Usually any complaints that I have with MMO are beyond their control. It often deals with a time factor and lack employees to do the work is not something that can easily be corrected.
2. they were not returning calls since the last request it was handled great
3. very general time-processing
4. Many times MMO folks will not return calls or answer e-mails, and when you do "catch" someone in, they do not seem to have a sence of urgency in dealing with agency problems. They may offer defensive excuses, but the behavior does not improve.

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### Filter Results

To analyze a subset of your data, you can create one or more filters.

[Add Filter...](#)**Total:** 118**Visible:** 118

### Share Results

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[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: 

Displaying 1 - 10 of 10

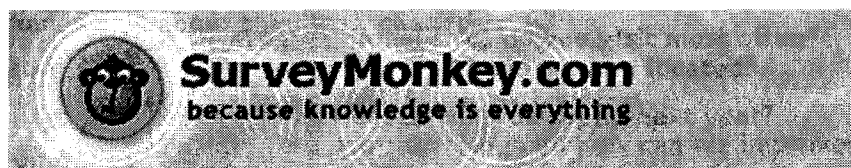


How would you prefer to file a customer complaint to the Materials Management Office? You may select more than one answer.

1. e-mail
2. personal conversation
3. letter
4. E-mail to the buyer that is handling my request.
5. Don't want to complain; prefer to discuss and resolve.
6. E-mail direct to an individual
7. Face to face with a written followup, mutually agreed upon statement of the problem, steps to be taken to resolve the problem, and process to be followed to avoid recurrence.
8. letter
9. in person
10. To Supervisor

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## Open-Ended Results Detail

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Export...

### Filter Results

To analyze a subset of your data, you can create one or more filters.

[Add Filter...](#)**Total:** 118**Visible:** 118

### Share Results

Your results can be shared with others, without giving access to your account.

[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: 

Displaying 1 - 5 of 5

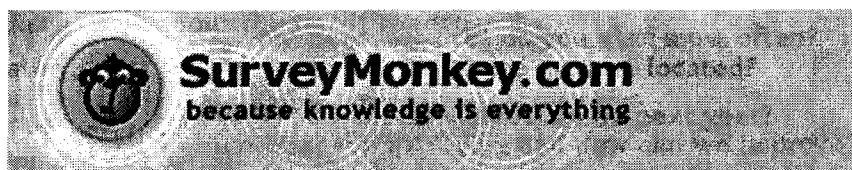


If you were to file a customer complaint, would you prefer:

1. I would prefer to complain directly to the buyer that is handling my request, either over the phone or by e-mail. If not satisfied with how things are handled, I would complain to their supervisor.
2. Makes no difference.
3. Business is business. Why would I not want MMO to know what my complaint is? It would defeat the purpose, and it implies adolescent motivation on the part of the complainer vendiciteness on
4. If I were to complain I would identify myself
5. two answers, anonymously and with name.

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Monday, January 24, 2005

## Open-Ended Results Detail

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### Filter Results

To analyze a subset of your data, you can create one or more filters.

[Add Filter...](#)**Total:** 118**Visible:** 118

### Share Results

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[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: [Show 10 per page](#)

Displaying 1 - 2 of 2



Would you prefer that we describe our customer complaint process on our web site?

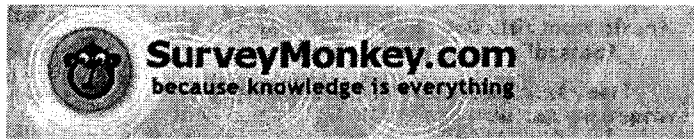
1. I will make contact for a complaint as quickly as possible to avoid delays in obtaining resolution.
2. It sounds like you're just taking complaints for the sake of passifying, not responding to them seriously.

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## Attachment E


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Wednesday, January 26, 2005

## Results Summary

[Show All Pages and Questions](#)[Export...](#)

## Filter Results

To analyze a subset of your data, you can create one or more filters.

[Add Filter...](#)

Total: 66

Visible: 66

## Share Results

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[Configure...](#)

Status: Enabled

Reports: Summary and Detail

## 1. Definition of a Customer Complaint

1. Indicate (in years) how long you have interacted with the Materials Management Office.

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| 1 year or less                 | 30.3%            | 20             |
| 2 to 5 years                   | 47%              | 31             |
| over 5 years                   | 22.7%            | 15             |
| <b>Total Respondents</b>       |                  | <b>66</b>      |
| <b>(skipped this question)</b> |                  | <b>0</b>       |

2. How many times have you had contact with the Materials Management Office in the past 12 months?

|  | Response Percent | Response Total |
|--|------------------|----------------|
| 0 (no contact)                           | 45.3%            | 29             |
| 1 - 6 contacts (about every other month) | 46.9%            | 30             |
| 7 - 12 contacts (about once a month)     | 6.2%             | 4              |
| over 12 (1 contact MMO regularly)        | 1.6%             | 1              |
| <b>Total Respondents</b>                 |                  | <b>64</b>      |
| <b>(skipped this question)</b>           |                  | <b>2</b>       |

3. Have you ever had a complaint about the Materials Management Office?

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| Yes                            | 12.1%            | 8              |
| No                             | 87.9%            | 58             |
| <b>Total Respondents</b>       |                  | <b>66</b>      |
| <b>(skipped this question)</b> |                  | <b>0</b>       |

4. Did you make your complaint known to the Materials Management Office?

|                                | Response<br>Percent | Response<br>Total |
|--------------------------------|---------------------|-------------------|
| Yes                            | 6.1%                | 4                 |
| No                             | 15.2%               | 10                |
| Not applicable                 | 78.8%               | 52                |
| <b>Total Respondents</b>       |                     | <b>66</b>         |
| <b>(skipped this question)</b> |                     | <b>0</b>          |

5. Please select the answer or answers that best describe how you communicated a complaint to the Materials Management Office. You may select more than one answer.

|                                | Response<br>Percent | Response<br>Total |
|--------------------------------|---------------------|-------------------|
| Phone                          | 17.2%               | 11                |
| Email                          | 23.4%               | 15                |
| Letter                         | 4.7%                | 3                 |
| Fax                            | 6.2%                | 4                 |
| Meeting                        | 3.1%                | 2                 |
| Not applicable                 | 68.8%               | 44                |
| Other (please specify)         | 1.6%                | 1                 |
| <b>Total Respondents</b>       |                     | <b>64</b>         |
| <b>(skipped this question)</b> |                     | <b>2</b>          |

6. If you complained about the Materials Management Office to someone else and did not make your complaint known to our Office, your reason would be best described as: (You may select more than one answer.)

|  | Response<br>Percent | Response<br>Total |
|--|---------------------|-------------------|
| My complaint was not serious enough.                 | 0%                  | 0                 |
| I did not know how to submit a complaint to the MMO. | 1.6%                | 1                 |
| My complaint could not be submitted anonymously.     | 1.6%                | 1                 |
| I did not want to create a bad relationship.         | 4.9%                | 3                 |
| I did not believe my complaint would be dealt with.  | 0%                  | 0                 |
| Not applicable                                       | 91.8%               | 56                |
| Other (please specify)                               | 4.9%                | 3                 |
| <b>Total Respondents</b>                             |                     | <b>61</b>         |
| <b>(skipped this question)</b>                       |                     | <b>5</b>          |

7. How would you prefer to file a customer complaint to the Materials Management Office? You may select more than one answer.

|       | Response<br>Percent | Response<br>Total |
|-------|---------------------|-------------------|
| Phone | 23.8%               | 15                |

|   |  |              |           |
|---|--|--------------|-----------|
| Fax   |  | 9.5%         | 6         |
| Dedicated Customer Complaint phone number.        |  | 25.4%        | 16        |
| <b>Dedicated Customer Complaint Email address</b> |  | <b>55.6%</b> | <b>35</b> |
| Customer Complaint Web Based System               |  | 31.7%        | 20        |
| <a href="#">View</a> Other (please specify)       |  | 3.2%         | 2         |
| <b>Total Respondents</b>                          |  |              | <b>63</b> |
| <b>(skipped this question)</b>                    |  |              | <b>3</b>  |

8. If you were to file a customer complaint, would you prefer:

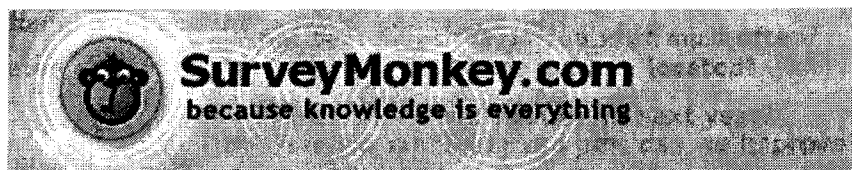
|  | Response Percent | Response Total |
|--|------------------|----------------|
| That our process requires you to leave your name   | 27.7%            | 18             |
| That our process requires you to leave complaints anonymously  | 6.2%             | 4              |
| <b>That our process allows you to decide whether to leave your name or make an anonymous complaint</b> | <b>63.1%</b>     | <b>41</b>      |
| <a href="#">View</a> Other (please specify)  | 3.1%             | 2              |
| <b>Total Respondents</b>   |                  | <b>65</b>      |
| <b>(skipped this question)</b>   |                  | <b>1</b>       |

9. Would you prefer that some type of identifier be assigned to your complaint that would allow you to track the status of the resolution through our website?

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| <b>Yes</b>                     | <b>75.4%</b>     | <b>49</b>      |
| No                             | 3.1%             | 2              |
| No opinion                     | 21.5%            | 14             |
| <b>Total Respondents</b>       |                  | <b>65</b>      |
| <b>(skipped this question)</b> |                  | <b>1</b>       |

10. Would you prefer that we describe our customer complaint process on our web site?

|                                | Response Percent | Response Total |
|--------------------------------|------------------|----------------|
| <b>Yes</b>                     | <b>76.6%</b>     | <b>49</b>      |
| No                             | 6.2%             | 4              |
| No opinion                     | 17.2%            | 11             |
| Other (please specify)         | 0%               | 0              |
| <b>Total Respondents</b>       |                  | <b>64</b>      |
| <b>(skipped this question)</b> |                  | <b>2</b>       |

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Monday, January 24, 2005

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### Filter Results

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[Add Filter...](#)**Total:** 66**Visible:** 66

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[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: 

Displaying 1 - 1 of 1

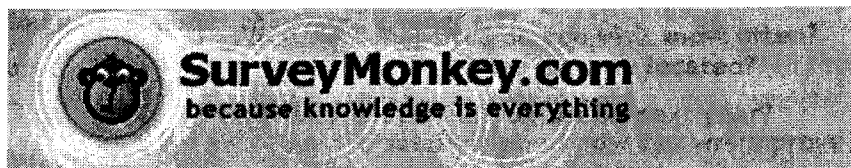


Please select the answer or answers that best describe how you communicated a complaint to the Materials Management Office. You may select more than one answer.

1. No compliants

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Export...

### Filter Results

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[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: 

Displaying 1 - 3 of 3

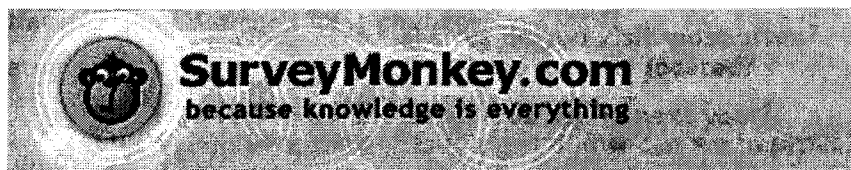


If you complained about the Materials Management Office to someone else and did not make your complaint known to our Office, your reason would be best described as: (You may select more than one answer.)

1. was not sent a bid package PROBLEM WAS CORRECTED
2. All of my complaints (and my sales reps) are repeatedly around one person indicated as the contact for each bid. We are concerned about the repercussions of complaining about her.
3. No complaints

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### Filter Results

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[Add Filter...](#)**Total:** 66**Visible:** 66

### Share Results

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[Configure...](#)**Status:** Enabled**Reports:** Summary and DetailPage Size: [Show 10 per page](#) ▼

Displaying 1 - 2 of 2



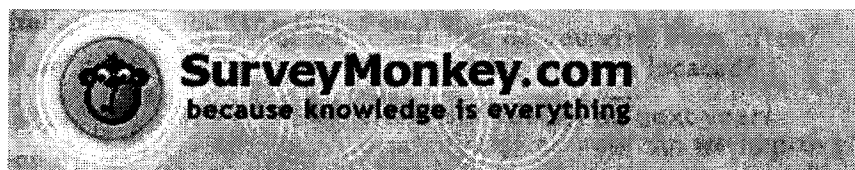
How would you prefer to file a customer complaint to the Materials Management Office? You may select more than one answer.

1. Email
2. e-mail

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[Add Filter...](#)**Total:** 66**Visible:** 66

### Share Results

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Displaying 1 - 2 of 2



If you were to file a customer complaint, would you prefer:

1. If I ever have a complaint I would appreciate talking one on one to the direct party.
2. a person on the other end of the line

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## Attachment F

### Customer Complaint Handling

The report was published in March 1996 by the Federal Benchmarking Consortium and was based on President Clinton's order to put customers first : "*All executive departments that provide significant services to the public shall provide a means to address complaints and make information, services, and complaint systems easily accessible.*" President Bill Clinton

The full report is [available here](#). The content and findings of the Federal Benchmarking Consortium is of universal value to Local and State Governments everywhere, plus I believe to any organisation large or small in the business to add value to their customers. For those organisations contemplating OUTSOURCING this report outlines a blueprint to help define and specify critical success criteria and failure standards.

Read the Executive Summary and then go and get the full report.

27 May 1998 Niels Kjellerup Editor.

### Executive Summary

The government's customer service revolution started in 1993 with a recommendation from Vice President Gore's National Performance Review team, followed by President Clinton's Executive Order, "Setting Customer Service Standards." The President directed federal agencies to survey their customers to see what kind of service people want and whether they are getting it; to get ideas from front-line workers who deal with customers day-to-day; to give customers choices and easy access; and to develop a way for citizens to complain and get problems fixed. He set a goal for the government to deliver service equal to the best-in-business.

In 1995, President Clinton reinforced his order to put customers first. It leaves no doubt that the goal is a revolution in how government does business so that customers are the focus. Customer service standards and measures are to be part of strategic plans, training programs, personnel systems, and anything else that ought to be changed to advance the citizen's satisfaction with government service.

To comply with the Presidents directive, teams of government agencies embarked on a series of benchmarking studies. For purposes of this study, Benchmarking means determining which businesses--public and private--are doing the best job of customer complaint resolution (request study), understanding the gap between the agencies' own performance and taking action to close that performance gap. When the best-in-business were identified, government teams set out to determine why they were the best and then set forth an action plan to make their agencies as good as, or better than, the benchmarked businesses in resolving customer complaints.

Some of the valuable lessons learned during this process are:

\* *Make it easy for your customers to complain and your customers will make it easy for you to improve.* A dramatic lesson was learned by the teams involved in this study; the best-in-business



want their customers to complain. Informed customers know how your services should work. If things are not working, customers are the first to know. Customers who are dissatisfied tell twice as many people about it as those who are happy with your service. The best-in-business use feedback from 1-800 calls, letters, and surveys to identify and resolve root causes of dissatisfaction and to change their services to ensure that the customer will be quickly satisfied.

*\* Respond to complaints quickly and courteously with common sense and you will improve customer loyalty.* We found that customers reward companies that quickly solve problems by remaining loyal customers. A speedy response can add 25 percent to customer loyalty. Toyota Motor Sales USA, Inc. has adopted a formula for customer satisfaction; doing the job right the first time + effective complaint management = maximum customer satisfaction/loyalty. Government agencies can develop the same kind of loyalty and trust from the public if we match or exceed the best-in-business.

*\* Resolve complaints on the first contact and (1) save money by eliminating unnecessary additional contacts that escalate costs and (2) build customer confidence.* A call back which involves two or more employees just has to cost more than a call that is handled right the first time. Our research confirms that resolving a complaint on the first contact reduced the cost by at least 50 percent.

*\* Technology utilization is critical in complaint handling systems.* Use your computers to develop a data base of complaints. See if you find a trend. Then fix it! We learned that the best-in-business electronically compiled customer complaint information and presented it to everyone, including management, so that the organization could better align services and products to meet customer expectations.

*\* Recruit and hire the best for customer service jobs.* The customer service and complaint resolution specialist positions established by benchmarking partners tend to be highly sought-after positions. Complaint specialists learn the company so well they get promoted. Some organizations built the customer service position into a formal career ladder for advancement in the company. In all instances, front-line employees were valued for feedback in making decisions.

There is no reason why each government department cannot equal the best-in-business customer complaint resolution systems. The blueprint is in this book. Follow this simple plan and you will improve customer satisfaction and reduce your costs at the same time. In a nutshell, a manager who wants to have a first-rate complaint system with results within six months should take five steps:

1. Issue a policy statement that says our organization embraces complaints; we view complaints as opportunities.
2. Establish an implementation team with representatives from each step in the complaint handling process and identify each step in the process.

3. Establish a tracking system. Your staff should record and classify complaints which will allow them to analyse the complaint data and report to top management. The difference between your process and the best-in-business process is known as the gap. A gap analysis will show you what to improve.

4. Develop recommendations to improve your core processes and empower front-line employees to resolve complaints on first contact.

5. Implement. The team should put together an action plan for implementing the approved recommendations.

Done right, your customer will notice changes within six months!

Take me to **the Report**, Back to the **Top of the Page**, Back to **What's New** or **Home Page**

<http://www.callcentres.com.au/CustomerComplaint.htm#Customer%20Complaint>